

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 0 — 0 2 6

2. STATE:

Louisiana

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

March 1, 2000

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 405.463

7. FEDERAL BUDGET IMPACT:

a. FFY 2000 \$ (188.74)

b. FFY 2001 \$ (387.10)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A Item 1, page 7

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

98-15
Same (TN# 97-20) pending

10. SUBJECT OF AMENDMENT: Reduction of the Medicaid prospective per diem rates for long term hospitals by seven percent (7%).

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED: The Governor does not review state plan material.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

David Hood by John Hood

13. TYPED NAME:

David W. Hood

14. TITLE:

Secretary

15. DATE SUBMITTED:

March 27, 2000

16. RETURN TO:

State of Louisiana
Department of Health & Hospitals
1201 Capitol Access Road
PO Box 91030
Baton Rouge, LA 70821-9030

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

MARCH 27, 2000

18. DATE APPROVED:

JUNE 6, 2001

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

MARCH 1, 2000

20. SIGNATURE OF REGIONAL OFFICIAL:

Sandra Hall

21. TYPED NAME:

for CALVIN G. CLINE

22. TITLE: ASSOCIATE REGIONAL ADMINISTRATOR

DIV OF MEDICAID AND STATE OPERATIONS

23. REMARKS:

Pen & ink change made per state's 5/8/01 letter.

PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES
METHODS AND STANDARDS FOR ESTABLISHING RATES - IN-PATIENT HOSPITAL CARE

Step 2 - Supplementation.

Operating cost for each hospital was inflated from the midpoint of the base year to the midpoint of the implementation year (December 31, 1994), then arrayed by peer group from high to low to determine the weighted median cost for the peer group. In peer groupings with less than three facilities, the median is used. In the case of a group with only one facility, the facility-specific cost is used. For those hospitals below the weighted median, the operating cost was supplemented by 25% of the difference between the hospital-specific cost per day and the median cost per day for the peer group.

Step 3 - Cap calculation.

Operating cost for each hospital as determined in Step 2 was arrayed by peer group from high to low to determine the weighted median cost for the peer group. Operating cost for each hospital/unit above the weighted median was capped at the weighted median. Exception: Long term hospitals are capped at the 30th percentile facility as reported on the as-filed cost report for the hospital cost report year ending between July 1, 1995 through June 30, 1996.

STATE <u>Louisiana</u>	
DATE REC'D	<u>3-27-00</u>
DATE APP'D	<u>6-6-01</u>
DATE EFF	<u>3-1-00</u>
HCFA 179	<u>00-26</u>

Step 4 - Calculation of blended component.

A blended component for each hospital was calculated comprised of 70% of the peer group weighted median and 30% of the hospital-specific component (as supplemented in Step 2 and capped in Step 3).

Step 5 - Calculation of capped weighted average.

A capped weighted average for each peer group was calculated by multiplying the per diem cost for each hospital (as supplemented in Step 2 and capped in Step 3) by the number of Medicaid days provided by the hospital in 1991, adding the products, then dividing the resulting sum by the total number of Medicaid days in 1991 for all hospitals/units in the group.

Step 6 - Determination of hospital-specific component.

Each hospital's operating cost component was set at the lower of the hospital's blended rate or the capped weighted average for the peer group.

Costs are inflated for each subsequent non-rebasing year when the state legislature allocates funds for this purpose

6. Calculation of Payment Rates

Individual facility rates are calculated annually by adding together the four components listed above for each facility.

Effective for dates of service March 1, 2000 and after, long term hospitals are reimbursed at 93% of the per diem rate in effect as of February 29, 2000 as calculated in 5. above.

SUPERSEDES: TN - LH 98-15

TN# 00-26 Approval Date 6-6-01 Effective Date 3-1-00
Supersedes
TN# 98-15